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6 OCT 1958

MEMORANDUM FOR: Deputy Director/Intelligence

SUBJECT: 

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1. For the past few weeks, demand in the US for aluminum in most forms has been increasing steadily, and producers' inventories at present are not considered to be excessive. In Europe and elsewhere abroad, prices for aluminum have been stiffening during the past few weeks, which indicates that demand is generally rising. Leaders of the aluminum industry are confident that consumption will increase in the near future, unless there is an unexpected slump in transportation or construction, both large users of aluminum.

2. During the first half of 1958, exports of aluminum from the USSR were running at the rate of about 3,000 metric tons per month, but they have dropped off sharply during the past month or two. Moreover, reports  indicate that the Soviets, except for offering aluminum at prices 5-10 percent below the market price, have not been really aggressive in marketing their aluminum. Their salesmen, for example, do not solicit orders. If a consumer wants to buy he must visit the sales office, which is  and enter an order. Some weeks later the order is confirmed, with delivery promised for sometime in the future. In view of the many cases of unsatisfactory performance in the past, consumers  are reluctant to buy Soviet aluminum on a large scale. Consumers fear that the USSR may suddenly withdraw from the market or that an anti-dumping act may be imposed if imports from the USSR become too large.

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3. Finally, there has been some talk in Western European trade circles to the effect that at the Brussels Fair and elsewhere, the Soviets have been learning how best to use aluminum in construction. It has even been hinted that next year the USSR will start a large construction program using aluminum. In view of the desperate shortage of housing in the USSR, such a program not only could absorb all the Bloc surplus of aluminum but also considerable quantities of aluminum from the Free World as well.

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SUBJECT: Comments on OCIM Draft "US Restrictions on Imports of Aluminum which Affect Canada"

4. It can be concluded, therefore, that the future of the US aluminum industry looks considerably better than it has for some time.



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